

Message Text

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73

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O R 021915Z NOV 73
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC IMMEDIATE 4091
INFO COMICEDEFOR
CINCLANT
DEFENSE

S E C R E T SECTION 1 OF 2 REYKJAVIK 1304

EXDIS- SPECAT FOR MILITARY ADDRESSEES

FOR UNDER SECRETARY PORTER FROM AMBASSADOR IRVING

E.O. 11652: GDS
TAGS: MARR, IC, NATO
SUBJECT: IDF RETENTION NEGOTIATIONS

REF: STATE 213261

1. SCENARIO AS OUTLINED REFTEL EXCELLENT BUT I WOULD LIKE TO
MAKE FOLLOWING GENERAL AND SPECIFIC COMMENTS FOR YOUR CON-
SIDERATION:

2. NEED TO WITHHOLD CONCESSIONS FOR DECEMBER SESSIONS.
AS DISCUSSED IN WASHINGTON OCT 4 AGUSTSSON ASSUMES AND IN
FACT WANTS A DECEMBER SESSION. HE AND PRIME MINISTER WOULD
WELCOME A STRETCH-OUT FOR DOMESTIC POLITICAL PURPOSES. THEY
WILL HAVE THEIR HANDS FULL WITH LABOR/WAGE TALKS WHICH REACH
THEIR MOST DIFFICULT STAGE END OF NOVEMBER TO MID DECEMBER AND
PRIME MINISTER WOULD PREFER NOT TO HAVE TO CONTEND WITH A
DEFENSE PACKAGE SIMULTANEOUSLY. PRIME MINISTER SUGGESTED TO ME
A COUPLE WEEKS AGO HE WOULD NOT MIND A STRETCH-OUT TO JAN-
UARY OR EVEN FEBRUARY. A FEW DAYS AGO AGUSTSSON TOLD ME HE
ASSUMES WE WILL BE HOLDING BACK IN NOVEMBER SO AS TO BE ABLE
TO OFFER SOME CONCESSIONS IN DECEMBER AND SAID HE WILL NOT
BELIEVE US IF WE CLAIM NOVEMBER SESSIONS CONTAIN FULL PAC-
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KAGE.

3. IMPORTANT FOR SAKE OF OUR CREDIBILITY WE CONTINUE TO MAIN-
TAIN THAT REDUCTIONS OF THE SIZE WE ARE OFFERING WILL HAVE AN

ADVERSE EFFECT ON DEFENSE OF ICELAND BUT CAN BE RISKED UNDER CIRCUMSTANCES WHICH YOU ARE PREPARED TO DESCRIBE (SUCH AS RIGHT OF USG TO AUGMENT IDF TEMPORARILY DURING PEAK PERIODS OF SURVEILLANCE ACTIVITY AND TO PERIODICALLY CONDUCT REINFORCEMENT EXERCISES, PERIODS OF TENSION, ETC.). UNTIL A FEW MONTHS AGO WE WERE CLAIMING THAT REDUCTIONS OF ANY KIND WOULD HAVE AN ADVERSE EFFECT ON ICELAND'S DEFENSE, THAT PRESENT NUMBER CONSTITUTED A REASONED AND FINELY-BALANCED FORCE, ETC. IT WOULD BE VERY AWKWARD INDEED TO SAY NOW THAT REDUCTIONS OF 500 OR MORE WILL HAVE NO OR ONLY MINIMAL EFFECT ON SECURITY OF ICELAND. ALSO, CONTINUED SUPPORT OF OPPOSITION INDEPENDENCE PARTY'S 22 PARLIAMENTARY VOTES DEPENDS ON OUR CONTENTION REDUCTIONS OF ANY SUBSTANTIAL NUMBER WITHOUT REGARD TO CONSIDERATION OF APPROPRIATE TIME FRAME AND OTHER MEASURES WILL DEGRADE QUALITY OF ICELAND'S DEFENSE, ETC. PARTY'S LEADERS WARNED ME LAST WEEK AND AGAIN THIS MORNING THAT ALTHOUGH THEY TOO MUST BE ON THE SIDE OF IDF MODIFICATIONS AND GREATER ICELANDIC PARTICIPATION THEIR PARTY CANNOT BE FOR MORE DEFENSE THAN AMERICANS THINK ICELAND NEEDS. THEIR PLOY IN PARLIAMENT WHEN IDF ISSUE COMES UP FOR DEBATE IS TO INSIST THAT SECURITY OF ICELAND CALLS FOR SUBSTANTIAL NUMBER OF AMERICAN MILITARY PRESENCE IN ICELAND NOW AND UNTIL SUCH TIME AS U.S. AND OTHER NATO COUNTRIES DETERMINE OTHERWISE. THE IP CHAIRMAN HAS ASKED THAT WE KEEP HIM INFORMED OF NUMBERS REDUCTIONS WE MIGHT PROPOSE SO AS NOT TO LEAVE THE IP OUT ON A LIMB. WE CAN TALK FURTHER ABOUT THIS WHEN YOU ARRIVE IN REYKJAVIK. OUR BASIC APPROACH ON NUMBERS REDUCTION AS SOLUTION TO IDF RETENTION IS STILL THE ONLY FEASIBLE ONE AS LONG AS PRESENT GOVERNMENT REMAINS IN POWER. INDEPENDENCE PARTY CAN BE MADE TO REALIZE THIS. I MERELY WANT TO POINT OUT THAT IN A DISCUSSION OF THIS WE SHOULD BE CAREFUL THAT IN GAINING SUPPORT OF AGUSTSSON'S PARTY WE NOT LOSE SUPPORT OF OUR FRIENDS. I SUGGEST REFTTEL PARA 4 "A MAJOR CONSIDERATION IN US THINKING" BE MODIFIED TO REFLECT IDEA THAT DEGRADATION OF SECURITY INEVITABLE BUT WE PREPARED TO MINIMIZE EFFECT.

4. AUGMENTATION OF ICELAND'S COAST GUARD. PRIME MINISTER HAS
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BEEN SUBJECTED TO VERY HEAVY CRITICISM FOR AN INEFFECTIVE COAST GUARD DURING THE "COD WAR". HE MAY PRIVATELY SUGGEST TO YOU IT WOULD BE APPRECIATED IF USG COULD ASSIST ICELAND IN THIS REGARD WITH AIRCRAFT AND SHIPS. HE HAS HINTED THIS IDEA TO ME SEVERAL TIMES. ALSO THE OPPOSITION SOCIAL DEMOCRATIC PARTY HAS PROPOSED ICELAND START THINKING ABOUT PARTICIPATING IN ITS OWN DEFENSE BY CREATING AN INSHORE DEFENSE CAPABILITY (WHICH IS THE ONLY ONE OF ITS PROPOSALS THAT MAKES ANY SENSE). GYLFI GISLASON, SDP CHAIRMAN, TOLD ME THAT A COUPLE DAYS AGO AGUSTSSON APPROACHED HIM AND IN RETURN FOR SDP PARLIAMENTARY SUPPORT ON THE FISHERIES AGREEMENT AND OTHER MATTERS HE WOULD CONSIDER INTRODUCING THE SDP PROPOSAL IN OUR IDF NEGOTIATIONS. GISLASON ALSO TOLD ME HE FELT HE COULD PERSUADE THE PRIME

MINISTER TO TRANSLATE INTO ENGLISH THE NAME OF THE COAST GUARD TO "COASTAL DEFENSE FORCE" IF THIS WOULD FACILITATE USG ASSISTANCE. (I AM TOLD ICELANDIC LANGUAGE PERMITS THIS KIND OF TRANSLATION.) THE PROPOSAL OF AUGMENTING THE COAST GUARD AS A CONCESSION WARRANTS SERIOUS CONSIDERATION ON OUR PART. IF "COD WAR" WILL INDEED BE SETTLED SOON, AS IS PREDICTED, WE MIGHT ALSO WANT TO RECONSIDER SELLING ICELAND A SURPLUS CUTTER WHICH WE TURNED DOWN EARLIER THIS YEAR.

5. HC-130 SAR ACTIVITY. I AGREE WE SHOULD BE PREPARED TO OFFER UP THIS ACTIVITY BUT ONLY FOR TACTICAL REASONS. I SUGGEST IT BE STATED DIFFERENTLY THAN IN REFTTEL SCENARIO. IF WE POINT OUT THAT THESE PLANES CAN BE AVAILABLE FOR SERVICE IN VICINITY ICELAND IN FEW HOURS FROM UK WE MAY WELL BE JEOPARDIZING RETENTION OF THE F-4S AND P-3S IN ICELAND. "A FEW HOURS" DOES NOT SOUND LIKE A LONG TIME. I WOULD SUGGEST WE SAY THAT WE WOULD BE PREPARED TO WITHDRAW THE TWO HC-130S BUT UNTIL ICELAND CAN AUGMENT ITS OWN SAR CAPABILITY WE ARE PREPARED TO ASSIST FROM THE UK. I THINK AGUSTSSON WILL BACK AWAY FROM THIS ONE. IT IS TOO POPULAR WITH FISHERMEN, SPORTSMEN, ET AL AND IDF'S SAR RECORD OF SAVES IS WELL AND FAVORABLY KNOWN THROUGHOUT COUNTRY. COMICEDEFOR HAS SOME PROBLEM WITH MY SUGGESTION ON BASIS IT DOES NOT RECOGNIZE THE SAFETY FACTOR REQUIREMENT FOR HIS KEFLAVIK-BASED FLYERS AND THEREFORE TOO RISKY TO OFFER EVEN IF ONLY A PLOY. HE WOULD PREFER WE NOT OFFER HC-130 CONCESSION BUT INSTEAD INCLUDE THEM IN ROTATIONAL CATEGORY ALONG WITH THE ASW AND AEW DETACHMENTS. I, TOO, WOULD BE RELUCTANT TO SEE THE HC-130S LEAVE ICELAND. THEIR
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PUBLIC RELATIONS VALUE IS TREMENDOUS. MY SUGGESTION IS SIMPLY TACTICAL TO PUT AGUSTSSON ON THE DEFENSIVE.
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ACTION SS-30

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O R 021915Z NOV 73
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC IMMEDIATE 4092
INFO COMICEDEFOR
CINCLANT
DEFENSE

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6. AVAILABILITY OF ICELANDIC LABOR. CURRENTLY AND IN FORESEEABLE FUTURE THERE WILL BE CRITICAL SHORTAGE OF SKILLED AND UNSKILLED LABOR. BECAUSE OF HIGH TURNOVER, HOWEVER, IDF WILL ATTRACT ICELANDERS WHO ARE ALWAYS LOOKING FOR SOMETHING NEW, BUT NOT IN THE NUMBERS OUR PROPOSALS REQUIRE. AGUSTSSON WILL NOT ADMIT THIS BUT WILL INSIST WE ASSUME THE SUPPLY WILL BE FORTHCOMING WHEN NEEDED. HE WILL, HOWEVER, ASK THAT WE RE-THINK OUR PROPOSALS (INCLUDING ABOLITION OF FUNCTIONS) SO HE WAS TO REDUCE THE NUMBER OF ICELANDERS IN TOTAL REQUIRED TO REPLACE MILITARY PERSONNEL. WE SHOULD POINT OUT TO HIM THAT BECAUSE OF LABOR LAWS THAT EFFECT CIVILIANS (IN ICELAND AND ELSEWHERE) IT TAKES MORE OF THEM TO REPLACE MILITARY PERSONNEL IN ACTIVITIES THAT REQUIRE WEEKEND AND ROUND-THE-CLOCK COVERAGE. I THINK AGUSTSSON PERSONALLY WOULD BE RECEPTIVE TO OUR OFFER OF AMERICAN CIVILIANS REPLACING MILITARY AS AN INTERIM STEP. HE MAY RUN INTO DIFFICULTY WITH PEOPLE WHO REMEMBER THE "ADVERSE CULTURAL IMPACT" AMERICAN CIVILIANS AT KEFLAVIK HAD ON THIS COUNTRY TWENTY YEARS AGO, BUT IT WILL HELP HIM IN HIS POLITICAL DILEMMA OF HAVING TO SHOW MILITARY REDUCTIONS AND WILL ENABLE HIM TO SAY TO MANAGEMENT THAT HE IS NOT UNDULY WORSENING THE LABOR SITUATION IN ICELAND. MY GUESS IS THAT WHEN THE ENTIRE DEFENSE PACKAGE COMES UP FOR DEBATE IN THE PARLIAMENT IN A FEW MONTHS THE OUTCOME ON THIS PARTICULAR POINT WOULD BE A COMPROMISE TO KEEP MORE MILITARY PERSONNEL UNTIL THE TRANSITION TO ICELANDIC LABOR COULD BE MADE DIRECTLY, A PROCESS THAT MAY TAKE SEVERAL YEARS.

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7. ESTABLISHMENT OF PERSONNEL SECURITY SYSTEM BY ICELAND. IT WOULD BE SAFE TO SAY AGUSTSSON HAS NOT DONE HIS HOMEWORK ON THIS. HE UNDOUBTEDLY WILL HIDE THIS FACT BY SAYING WE SHOULD ASSUME THIS CAN BE ACCOMPLISHED. WE SHOULD EMPHASIZE THAT MANY OF OUR PROPOSED REDUCTIONS DEPEND ON SUCH A SYSTEM BEING IN EFFECT.

8. THE ROTATIONAL UNITS. VERY FEW ICELANDERS ARE AWARE THERE ARE DEPLOYED UNITS AT IDF ON TEMPORARY ROTATIONAL DUTY. I DOUBT THAT AGUSTSSON, THE PRIME MINISTER OR MOST OTHER LEADERS IN HIS PARTY ARE AWARE OF IT OR IF THEY ARE, REALLY UNDERSTAND IT. WHEN RAISING THIS ISSUE I WOULD SUGGEST A SLIGHTLY ALTERED APPROACH FOR YOUR CONSIDERATION, NAMELY THAT YOU EXPLAIN IDF HAS SUCH UNITS COMPOSED OF 425 MILITARY PERSONNEL WHICH ARE INCLUDED IN THE IDF POPULATION TOTAL OF 3318 MILITARY BUT WHICH TECHNICALLY SHOULD NEVER HAVE BEEN INCLUDED BECAUSE OF THEIR ROTATIONAL NATURE SINCE THEIR UNITS ARE ACTUALLY BASED ELSEWHERE, ETC. WE WOULD NOW LIKE TO CORRECT THE RECORD, SO TO SPEAK, AND DO THIS WITHIN THE CONTEXT OF PERMANENTLY BASED PERSONNEL AND WOULD EXCLUDE FROM POPULATION TEMPORARY ROTATIONAL DUTY PERSONNEL, JUST AS WE WOULD EXCLUDE THE COUNT OF PERSONNEL IN INSTANCES OF TEMPORARY AUG-

MENTATION FOR PEAK SURVEILLANCE PERIODS. THIS APPROACH MIGHT BE MORE ATTRACTIVE TO AGUSTSSON. IT TELLS HIM WHAT IS REALLY GOING ON AND TENDS TO LESSEN ANY GUILT FEELING OF HOCUS POCUS ON OUR PART AND ON HIS. IF MILITARILY FEASIBLE, YOU MIGHT ALSO CONSIDER OFFERING FOR STUDY CHANGE IN THEIR ROTATIONAL PERIOD IN ORDER TO REFLECT A CHANGE FROM CURRENT PRACTICE.

9. TV SIGNAL. WE MIGHT WANT TO BUILD A RECORD ON THIS ONE BY REMINDING AGUSTSSON OF OUR OCT 4 DISCUSSION AND ASK HIM IF HE HAS ANY COMMENT TO MAKE. ON ASSUMPTION THAT DETAILED AGREED MINUTES WILL BE TAKEN AT NOVEMBER SESSION IT IS WAY OF GETTING ON RECORD OUR WILLINGNESS TO UNDERTAKE EXPENSE OF ALTERING DIRECTION OF SIGNAL IF WE ARE FORMALLY ASKED TO DO SO. NO SUCH AGREED MINUTES OF PROCEEDINGS WERE TAKEN DURING OCT MEETING. WE SHOULD BE CAREFUL NOT TO DIVULGE THE EASE AND RELATIVE COST WITH WHICH THE SIGNAL CHANGE CAN BE ACCOMPLISHED (\$30,000 INSTEAD OF THE \$675,000 THE IDF A YEAR AGO LED AGUSTSSON TO BELIEVE, AND 3 MONTHS INSTEAD OF SECRET

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A YEAR TO ACCOMPLISH). FYI ALSO, THE BASE WILL BE GETTING A COLOR COMPATIBLE SYSTEM NEXT YEAR WHICH WOULD PERMIT ELIMINATING REYKJAVIK PICKUP BY PRESENT EUROPEAN TV SETS BY A FLICK OF A SWITCH AT TRANSMITTER FROM BLACK AND WHITE TO COLOR TRANSMISSION. AMERICAN-BUILT BLACK AND WHITE SETS USED ON BASE WOULD BE ABLE CONTINUE RECEIVE SIGNAL IN ANY CIRCUMSTANCE.

10. CONCESSIONS AND OTHER MATTERS TO WITHHOLD UNTIL DECEMBER. THIS IS DIFFICULT TO DETERMINE UNTIL WE SEE HOW THE FIRST DAY'S SESSION GOES, BUT I WOULD SUGGEST HOLDING BACK ABOUT HALF OF THE CLASSIFIED POSITIONS OR SOME COMBINATION WHICH PERMITS US TO OFFER ANOTHER COUPLE HUNDRED IN DECEMBER AS A MAXIMUM "SQUEEZE OUT." WE MIGHT WANT TO TAKE THE INITIATIVE IN NOVEMBER TO OFFER TO CONSIDER THE AUGMENTATION OF ICELAND'S COAST GUARD PROPOSAL. I AM INCLINED TO SUGGEST WE NOT PRESS IN NOVEMBER OUR SPECIFIC CURFEW AND UNIFORM RESTRICTIONS REQUESTS BUT MERELY ALLUDE TO THEM AS SOMETHING THAT IS LONG OVERDUE FOR CORRECTION AND WE WOULD HOPE WE CAN DISCUSS THEIR RELAXATION BETWEEN THE NOVEMBER AND DECEMBER SESSIONS OR AT THE DECEMBER NEGOTIATIONS. IN OTHER WORDS, I THINK WE OUGHT TO FEEL OUR WAY ON THIS WITH RESPECT TO TIMING, DEPENDING ON HOW THE NOVEMBER SESSIONS GO.

11. IT IS ESSENTIAL US NEGOTIATOR HAVE UTMOST FLEXIBILITY IN NOVEMBER NEGOTIATIONS. IF THE OTHER TWO MINISTERS ARE ON GOI NEGOTIATING TEAM (WHICH HAS NOT YET BEEN RULED OUT), THE ENTIRE SCENARIO WILL CHANGE. THE POSITION OF THESE TWO MINISTERS IS ADAMANTLY ANTI-IDF RETENTION AND THEY WILL NOT ENTERTAIN ANY PROPOSALS OTHER THAN HOW USG INTENDS TO PULL COMPLETELY OUT BY JUNE 1975. THE US TEAM MAY HAVE TO DEVOTE THE NOVEMBER SESSIONS TO DEVISING MEANS OF OUTMANEUVERING THE OPPONENTS.

12. THE JOHANNESSON GOVT, AS PRESENTLY CONSTITUTED, DOES NOT HAVE A A GOOD RECORD ON RELIABILITY. IT BEHOOVES US TO TRY TO LOCK UP THE NEGOTIATING PACKAGE FOR ALL INTENT AND PURPOSES IN DECEMBER DESPITE THE PRIME MINISTER'S HINTS ON STRETCH-OUT TO JANUARY OR FEBRUARY. IF IT SUITS THEIR DOMESTIC POLITICAL PURPOSES, THE PRIME MINISTER AND FONMIN WOULD HAVE NO HESITATION IN DECLARING THE NEGOTIATIONS A FAILURE IF WE REACHED NO AGREEMENT BY END OF THE ARTICLE VII SIX MONTH PERIOD. IN OTHER WORDS USG SHOULD NOT RELAX EFFORTS BY
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ASSUMING WE HAVE JANUARY AND MAYBE FEBRUARY AS WELL. LET US NOT BE CAUGHT OFF GUARD.

13. A WORD ON STABILITY OF PRESENT GOVERNMENT. WE HAVE NO CHOICE BUT TO NEGOTIATE WITH PRESENT OFFICIALS. THERE ARE RUMBLINGS, HOWEVER, THAT COMMUNISTS MAY DECIDE TO PULL OUT OF COALITION RATHER THAN SUPPORT UK-GOI FISHERIES AGREEMENT. THIS QUESTION SHOULD BE RESOLVED WITHIN NEXT 5 OR 6 DAYS. IF THEY DEPART, GOVERNMENT NEED NOT NECESSARILY FALL. IT MIGHT BE RESTRUCTURED TO INCLUDE IP AND SDP. WHILE SUCH DEVELOPMENT MIGHT EASE NEGOTIATING PATH, IT SHOULD BE RECALLED ALL NON-COMMUNIST PARTIES STAND FOR MODIFICATIONS TO IDF AND RESTRUCTURED COALITION WOULD STILL FEEL UNDER POLITICAL PRESSURES TO PRODUCE RESULTS.

14. WE LOOK FORWARD TO SEEING YOU NOV 12.
IRVING

SECRET

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